

Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 IO-13 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 SAJ-01 BIB-01 EB-07 COME-00 TRSE-00 OMB-01

CU-02 ARA-06 /097 W

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R 171948Z AUG 76

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 788

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY REYKJAVIK

AMEMBASSY ROME

USNATO BRUSSELS 971

AMEMBASSY MOSCOW

AMEMBASSY BERN

AMEMBASSY CANBERRA

AMEMBASSY DUBLIN

AMEMBASSY HELSINKI

AMEMBASSY MADRID

AMEMBASSY STOCKHOLM

AMEMBASSY VIENNA

AMEMBASSY WELLINGTON

USMISSION EC BRUSSELS

TUFNPS/USMISSION OECD PARIS

AMEMBASSY PARIS

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C O N F I D E N T I A L SECTION 1 OF 2 OTTAWA 3321

POUCHED INFO ALL CONSULATES IN CANADA

E.O. 11652: GDS

TAGS: PFOR, EEW, UR, CA

SUBJ: CANADIAN - SOVIET RELATIONS

REF: A. STATE 187193; B. USNATO 4214; C. MOSCOW 12107

1. SUMMARY: FOLLOWING RECENT VISIT TO SOVIET UNION
EXTAFF ASSISTANT UNDER-SECRETARY GOLDSCHLAG GAVE
INTERESTING IMPRESSION OF SOVIET-CANADIAN RELATIONSHIP.
BREZHNEV-TRUDEAU LETTER WAS, HE SAID, MERELY A FORM
OF SOVIET STOCK-TAKING IN RELATIONSHIP WHICH IS
DEVELOPING FAVORABLY FROM SOVIET POINT OF VIEW WITH
MANY AGREEMENT, WHICH THEY LIKE. SOVIETS SAVOR THE
CANADIAN RELATIONSHIP, ACCORDING TO GOLDSCHLAG, AS A
VISIBLE COUNTER TO ELEMENTS IN ITS RELATIONS WITH THE
U.S., E.G., AS WITH MFN TREATMENT AND TRADE CREDITS.
CANADIAN INDEPENDENT LINE VIA THE "THIRD OPTION",
EXPANDED TIES WITH CUBA, AND REDUCED CONTRIBUTIONS
TO NATO ALSO APPEALS TO THE SOVIETS. AT SAME TIME,
GOLDSCHLAG ADDED, IT IS UNLIKELY THAT SOVIETS HOPE TO
DRIVE A WEDGE BETWEEN U.S. AND CANADA OR EVEN TO "FISH
IN "TROUBLED WATERS". GOLDSCHLAG DOUBTED THAT DEFECTION
OF SOVIET DIVER DURING OLYMPICS WOULD SOUR THE RELATION-
SHIP DESPITE SOVIET EXPRESSIONS OF OUTRAGE AT THE TIME.
NOISE, ACCORDING TO GOLDSCHLAG, DESIGNED PRIMARILY TO
PROTECT KGB BACKSIDE AND KEEP OTHER SOVIET ATHLETES IN
LINE. CONTENT OF CANADIAN RESPONSE TO BREZHNEV LETTER
STILL NOT COMPLETE BUT GOLDSCHLAG INDICATED THAT IT
WOULD CONTAIN ACCEPTANCE OF INVITATION FOR TRUDEAU TO
VISIT SOVIET UNION. LIKELY TIMING, HE SAID, IS IN
LAST HALF OF 1977 AND, IN ANY CASE, BEFORE NEXT
ELECTIONS IN 1978. GOLDSCHLAG DID NOT EXPAND ON
CANADIAN PERCEPTION OF THE RELATIONSHIP. IN EMBASSY
VIEW, GOC IS FLATTERED BY THE ATTENTION AND ENJOYS THE
RECOGNITION OF ITS "THIRD OPTION" APPROACH. BUT THE
GOVERNMENT IS CONSTRAINED, INTER ALIA, BY FIERCE ANTI-COMMUNISM
OF EMOGRE GROUPS. FOR THE U.S., THE RELATIONSHIP SHOULD
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DO US NO GREAT HARM AND DOES SOME GOOD: TO EXTENT THAT
SOVIETS SEE CANADA AS DIFFERENT FROM, AND OCCASIONALLY
AT ODDS WITH, THE U.S., WHEN CANADIANS WEIGH
IN ON OUR SIDE, THE IMPRESSION IS ALL THE MORE CONVINCING
TO THE SOVIETS. END SUMMARY.

2. IN HOUR-AND-HALF DISCUSSION OF CANADIAN-SOVIET
RELATIONS WITH POLCOUNS AUGUST 10, EXTAFF ASSISTANT

UNDER-SECRETARY GOLDSCHLAG, RECENTLY RETURNED FROM TRIP TO MOSCOW, PROVIDED SOME CLARIFICATION OF BREZHNEV-TRUDEAU JULY 1 LETTER AND SOME INSIGHTS INTO SOVIET-CANADIAN RELATIONS.

3. WITH REGARD TO THE BREZHNEV LETTER, GOLDSCHLAG SAID THAT AFTER SOME EXTAFH HEADSCRATCHING (AND A DISCUSSION BY HIM AT THE BOLSHOI BALLET WITH THE SOVIET FOREIGN MINISTRY OFFICIAL WHO HAD DRAFTED THE LETTER), EXTAFH HAS CONCLUDED THAT THE LETTER HAD NO SPECIFIC PURPOSE BEYOND A GENERAL STOCK-TAKING OF ISSUES ON WHICH CANADIAN POSITIONS ARE -- OR THE SOVIETS WOULD LIKE THEM TO BE -- CONSONANT WITH SOVIET VIEWS.

4. THE LETTER BEGAN WITH THE EXPRESSION OF A DESIRE TO SHARE SOME THOUGHTS WITH TRUDEAU IN THE CONTEXT OF THE SUCCESSFUL COMPLETION BETWEEN THE TWO COUNTRIES OF CERTAIN "ARRANGEMENTS". IT APPEARS THAT THE "ARRANGEMENTS" THE DRAFTER HAD IN MIND WERE THE FAIRLY EXTENSIVE SERIES OF AGREEMENTS RECENTLY CONCLUDED BETWEEN THE TWO COUNTRIES, E.G., FISHERIES, CULTURAL, TRADE, AND CULMINATING IN THE TEN-YEAR LONG-TERM ECONOMIC AGREEMENT. GOLDSCHLAG SAID THE SOVIETS TEND TO JUDGE THEIR RELATIONS WITH NON-COMMUNIST COUNTRIES IN QUANTITATIVE TERMS AND WITH THE CONCLUSION OF THE LONG-TERM ECONOMIC AGREEMENT, THE QUANTITY OF AGREEMENTS HAD REACHED A LEVEL JUSTIFYING A BREZHNEV LETTER. THIS WOULD SEEM TO EXPLAIN IN PART WHY CANADA WAS SINGLED OUT FOR THE SPECIAL FAVOR OF A BREZHNEV LETTER.

5. IN GOLDSCHLAG'S TALKS IN MOSCOW, HE WAS TOLD THAT THE PASSAGE CONCERNING SOVIET EXCLUSION FROM WORLD ECONOMIC DISCUSSIONS WAS NOT A REFERENCE TO PUERTO PRICE, CONFIDENTIAL

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BUT A GENERAL STATEMENT, CIEC BEING CLOSER TO BRING A TARGET (THOUGH GOLDSCHLAG FELT THAT PARTICIPATION IN SUCH A CONFERENCE WOULD FACE THE SOVIETS WITH A DILEMMA; WHILE ECONOMICALLY IN THE DC GROUP, THEY WOULD NOT WANT TO BE PLACED IN AN ADVERSARY RELATION WITH THE LDC'S).

6. GOLDSCHLAG FELT THAT THE LETTER'S CONTENTS AND THE CORCUMSTANCES SURROUNDING IT ARE ILLUSTRATIVE OF THE SOVIET VIEW OF THEIR RELATIONSHIP WITH CANADA. ON THE ONE HAND, THE SOVIETS STILL SUFFER FROM A HISTORICAL INFERIORITY COMPLEX VIS-A-VIS THE WEST AND ARE ANXIOUS FOR TIES WITH WESTERN COUNTRIES, HOWEVER COSMETIC, WHICH CAN BE USED TO DEMONSTRATE SOVIET ACCEPTANCE AND RESPECTABILITY. (AS AN EXAMPLE, HE REFERRED TO THE

\$500 MILLION CANADIAN LINE OF CREDIT AND MFN AGREEMENT, IMPORTANT TO THE SOVIETS AS SIGNS OF THEIR RESPECTABILITY IN RELATION TO ONE NORTH AMERICAN SNTION AT A TIME WHEN THE OTHER WAS DENYING MFN STATUS TO THE SOVIETS AND LIMITING CREDIT TO \$200 MILLION: DRAW-DOWNS ON THE LINE OF CREDIT WERE, HOWEVER, ONLY \$9 TO \$10 MILLION TO DATE.)

7. ON THE OTHER HAND, THE SOVIETS SEE VALUE IN COMMENDING AND REWARDING BEHAVIOR IN WESTERN COUNTRIES WHICH DEMONSTRATE A DEGREE OF INDEPENDENCE FROM THE U.S. AND/OR FROM A COMMON WESTERN POSTURE PERCEIVED AS INIMICAL TO SOVIET INTERESTS. THIS EXPLAINS THE SOVIET ATTRACTION TO THE MAN (TRUDEAU) AND GOVERNMENT WHICH, INTER ALIA, ADOPTED THE "THIRD OPTION" DIVERSIFICATION OF CANADA'S FOREIGN TIES, INSTITUTED MEASURES SUCH AS FIRA SEEN AS DESIGNED TO REDUCE CANADA'S ECONOMIC DEPENDENCE ON THE U.S., MAINTAINED AND EXPANDED TIES WITH CUBA, AND HALVED CANADA'S CONTRIBUTION TO NATO (GOLDSCHLAG NOTED THAT THE SOVIETS WERE QUITE CRITICAL OF THE RECENT GOC DECISION TO BUY LOCKHEED LRPA'S). GOLDSCHLAG DOUBTED THAT THE SOVIETS REALISTICALLY EXPECT TO DRIVE A WEDGE BETWEEN THE U.S. AND CANADA OR EVEN TO "FISH IN TROUBLED WATERS" BUT SEE LONG-TERM ADVANTAGE IN A CANADA PREPARED TO ADOPT POSITIONS CONTRARY TO U.S. POSITIONS OR DESIRES. THUS
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THE BREZHNEV LETTER PUT CONSIDERABLE EMPHASIS ON TRUDEAU'S SUPPORT FOR DETENTE AND CONTRASTED THIS WITH THE POSITION OF COUNTRIES OPPOSING DETENTE (WHICH GOLDSCHLAG TOOK TO MEAN PRINCIPALLY THE FRG AND THE U.S.).

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R 171948Z AUG 76
FM AMEMBASSY OTTAWA
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USNATO BRUSSELS 972
AMEMBASSY MOSCOW
AMEMBASSY BERN
AMEMBASSY CANBERRA
AMEMBASSY DUBLIN
AMEMBASSY HELSINKI
AMEMBASSY MADRID
AMEMBASSY STOCKHOLM
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8. GOLDSCHLAG FELT THAT THE REPEATED REFERENCES IN THE LETTER TO THE 25 CSPSU CONGRESS POLICY STATEMENT BY BREZHNEV PROBABLY STEMMED FROM THE FACT THAT CANADA SAME IN FOR SPECIFIC FAVORABLE MENTION IN THE STATE-MENT AND BECAUSE THE BUREAUCRAT WHO DRAFTED THE LETTER PROBABLY FELT, NO DOUBT RIGHTLY, THAT REPEATED REFERENCES TO THE GOSPEL ACCORDING TO BREZHNEV WOULD ENHANCE THE CHANCES OF GETTING BREZHNEV TO SIGN THE LETTER.

9. GOLDSCHLAG DOUBTED THAT THE VIOLENT SOVIET REACTION TO THE NEMTSANOV DEFECTION AT THE OLYMPICS WOULD BE ALLOWED BY THE SOVIETS TO SOUR THE RELATIONSHIP. THE POLISH AMBASSADOR IN OTTAWA (PERHAPS ACTING ON SOVIET REQUEST?) HAD ADVISED THE CANADIANS TO PAY NO ATTENTION TO THE SOVIET BLUSTER WHICH WAS DICTATED BY A KGB DESIRE TO COVER THEIR OWN BACKSIDES AND TO DISCOURAGE ANY OTHER SOVIET ATHLETES FROM DEFECTING. SINCE THE SOVIET HOCKEY TEAM MANAGER HAS SINCE APPLIED FOR A VISA TO OBSERVE TEAM CANADA IN TRAINING, IT IS DOUBTFUL THAT THE SOVIETS WILL CARRY THROUGH WITH THE THREAT TO PULL OUT OF THE SEPTEMBER WORLD HOCKEY COMPETITIONS. ON THE CANADIAN SIDE, GOLDSCHLAG INDICATED, THERE IS ALSO NO DESIRE TO ALLOW THE INCIDENT TO SOUR THE RELATIONSHIP, BUT HE ALSO FELT THAT THE CANADIAN REFUSAL TO GIVE IN TO SOVIET BLUSTER HELPED TO PUT THE RELATIONSHIP INTO BETTER PERSPECTIVE. GOLDSCHLAG FELT THE SAME END WAS SERVED BY HIS DISCUSSIONS IN MOSCOW ON CSCE (WHICH HE DESCRIBED AS INDICATED REF C).

10. GOLDSCHLAG SAID THAT A DRAFT REPLY TO THE LETTER IS NOW GOING THE ROUNDS OF INTERESTED OFFICES IN EXTAFF AND WILL THEN BE FORWARDED TO THE PRIME MINISTER'S OFFICE (PMO). HE WAS UNWILLING TO PREDICT WHAT THE FINAL PRODUCT WOULD CONTAIN BEYOND THE LIKELIHOOD THAT THE INVITATION FOR TRUDEAU TO VISIT MOSCOW, REITERATED IN THE LETTER, WOULD BE ACCEPTED IN PRINCIPLE BUT WITH THE DATE LEFT VAGUE, I.E., LATTER HALF OF 1977 OR AT ANY RATE BEFORE THE NEXT ELECTIONS IN 1978.
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11. PM'S FOREIGN POLICY ADVISER IVAL HEAD SUBSEQUENTLY TOLD POLCOUNS THAT GOC WAS IN NO RUSH TO GET OFF A REPLY TO BREZHNEV AND WOULD WAIT UNTIL THE DUST FROM THE OLYMPIC DEFECTION ISSUE HAD SETTLED. HE FELT THAT THE SOVIETS HAD REACTED "DISGRACEFULLY" TO THE DEFECTION AND THAT TO UNDERScore THAT POINT HE HAD JUST WRITTEN TO USA-CANADA INSTITUTE DIRECTOR ARBATOV, WHO HAD INVITED HEAD TO VISIT MOSCOW IN EARLY SEPTEMBER, TO SAY THAT "I AM NOT SURE YOU WILL AGREE THAT THE PRESENT TIME IS NOT PROPITIOUS FOR SUCH A VISIT".

12. COMMENT: LEFT UNSAID BY GOLDSCHLAG WAS HOW CANADA VIEWS ITS RELATIONSHIP WITH THE USSR, ASIDE FROM OVERRIDING BASIC FACT THAT CANADA IS OBVIOUSLY WESTERN DEMOCRATIC NATION SUBSCRIBING TO NATO. AS WE SEE IT, THE CANADIANS, ON THE ONE HAND, ARE REACTING TO SOVIET ADVANCES WITH GUARDED PLEASURE, FLATTERED AS WOULD BE THE GIRL OF GOOD FAMILY PURSUED BY A CHAMPION ATHLETE,

BUT NOT ABOUT TO GET INTO BED WITH THE SWEATY BRUTE. THE CANADIAN ARE FULLY CONSCIOUS OF BEING NO BETTER THAN A MIDDLE POWER, AND FOR THAT VERY REASON ARE ESPECIALLY GRATIFIED WHEN A SUPERPOWER TREATS THEM AS IMPORTANT. MIXED WITH THIS IS CONSIDERABLE AMOUR-PROPRE AT HAVING THEIR DISTINCTIVENESS FROM THE U.S. NOT ONLY RECOGNIZED BUT REWARDED. ON THE OTHER HAND, TO THE EXTENT THAT INITIATIVE IN THE RELATIONSHIP IS TAKEN BY CANADA, IT SEEMS TO US TO DERIVE FROM MIXED MOTIVES: THE SOVIET MARKET IS ATTRACTIVE TO CANADIAN COMMERCIAL INTERESTS AND PROVIDES AN AVENUE FOR DIVERSIFICATION OF CANADA'S INTERNATIONAL ECONOMIC RELATIONS; CANADA'S OWN INFERIORITY COMPLEX INCLINES IT TOWARD SEEKING ACCEPTANCE, PARTICULARLY BY A BIG LEAGUER LIKE THE USSR, AS AN ENTITY INDEPENDENT OF THE U.S.; ACCEPTANCE BY THE USSR ENHANCES CANADA'S CREDIBILITY IN THE THIRD WORLD. AT THE SAME TIME, THERE ARE DEFINITE LIMITS TO THE MANEUVERING ROOM OF GOC BUREAUCRATS (AND POLITICIANS) IN OTTAWA. CANADA HAS LARGE, WELL-ORGANIZED AND VOCAL UKRAINIAN AND EAST EUROPEAN EMIGRE COMMUNITIES AND THE INTENSITY IS MATCHED BY THEIR ABILITY TO MAKE THEIR
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VIEWS KNOWN IN OTTAWA. THE CONSTRAINTS OF THIS DOMESTIC FORCE ARE OMNIPRESENT AS CANADIAN OFFICIALDOM PURSUES ITS POLICY TOWARD THE SOVIET UNION.

13. CANADIAN POLICY CAN CAUSE US SOME OCCASIONAL HEARTBURN: WHEN TRUDEAU WAS LAST IN MOSCOW HE REPORTEDLY WAS CARRIED AWAY BY THE SETTING (MUCH AS HE WAS DURING HIS RECENT CUBAN VISIT) TO THE EXTENT OF STATING THAT CANADA FELT MENACED BY THE U.S., NOT JUST ECONOMICALLY BUT MILITARILY. HOWEVER, IF WE CAN ROLL WITH SUCH PUNCHES AND LIVE WITH A DEGREE OF COMPETITION FOR SOVIET MARKETS, THE CANADIAN-SOVIET RELATIONSHIP SHOULD DO US NO GREAT HARM AND SOME GOOD: TO THE EXTENT THAT THE SOVIETS SEE CANADA AS DIFFERENT FROM AND OCCASIONALLY AT ODDS WITH THE U.S., WHEN THE CANADIANS WEIGH IN ON OUR SIDE OF ISSUES THEIR INTERVENTIONS MAY BE MORE CONVINCING TO THE SOVIETS.
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